

Part A : Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation

The unaudited interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies and in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRS"), generally accepted accounting principles and the Companies Act, 2016 in Malaysia.

A2. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Group and the Company adopted the following applicable new and amended FRS mandatory for annual financial years beginning on or after the dates stated below:

	Effective for financial periods beginning on or after
FRS and Amendments to FRS	
Amendments to FRS 10, 12 and 128 : Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016
FRS 14 : Regulatory Deferral Accounts	1 January 2016
Annual Improvements to FRSs (2012 - 2014)	1 January 2016

The adoption of these new and revised FRS has no material effect on the financial statements of the Group and the Company.

Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A2. Significant accounting policies (cont'd)

At the date of authorisation of the financial statements, the following new FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretation were issued but not yet effective and have not been applied by the Group and by the Company:

	Effective for financial periods beginning on or after
FRS, Amendments to FRS and IC Interpretations	
Amendments to FRS 12 : Disclosure of Interests in Other Entities	1 January 2017
Amendments to FRS 107 : Disclosure Initiative	1 January 2017
Amendments to FRS112 : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 9 : Financial Instruments	1 January 2017
Amendments to FRS 1 First-time adoption of Financial Reporting Standards	1 January 2017
Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2017
Amendments to FRS 4 Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
Amendments to FRS 128 Investments in Associates and Joint Ventures	1 January 2018
Amendments to FRS 140 Transfer of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

FRS 9 : Financial Instruments

FRS 9 replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement. FRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. FRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial asset: amortised cost, fair value through profit or loss and fair value through other comprehensive income (OCI). For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives.

The Group and the Company are assessing the potential impact on their financial statements resulting from the application of FRS 9.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012 and is to facilitate convergence with the International Financial Reporting Standards ["IFRS"]. Nevertheless, the Group and the Company are allowed by the MASB to defer the adoption of these new accounting standards to financial year ending 31 December 2018 as the Group and the Company are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15).

Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A2. Significant accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) – cont'd

This would result in the Group and the Company preparing an opening MFRS statement of financial position as at 1 January 2017 which adjusts for differences between the classification and measurement bases in the exiting FRS framework versus that in the new MFRS framework. This would also result in a restatement of the financial performance for the financial year ending 31 December 2017 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2018.

The impact on the financial position and performance of the Group and the Company have yet to be determined as the Group and the Company are in the process of assessing the financial effects of the differences between FRS and accounting standards under the MFRS Framework.

A3. Comparatives

The have been no material changes to the comparative figures.

A4. Seasonal or cyclical factors

Turnover is also dependent on price fluctuations of Crude Palm Oil (“CPO”) which are not within the Company’s control but are determined by the global supply and demand for edible oils.

Production of fresh fruits bunches of oil palms (“FFB”) is affected by weather conditions, the age of the palms and seasonal biological stress.

A5. Items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6. Change in estimates

There were no changes in estimates that have a material effect in the current quarter.

A7. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities in the current quarter.

A8. Dividend paid

No dividend was paid in the current quarter.

Riverview Rubber Estates, Berhad
(Company No. 820-V)
(Incorporated in Malaysia)

Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A9. Segment information

	Group Cumulative Quarter		Variance	
	30.06.17 RM '000	30.06.16 RM '000	RM '000	%
Revenue				
- Malaysia : Plantation				
- Company	14,931	8,864	6,067	68.45
- Subsidiaries	6,452	4,725	1,727	36.55
	<u>21,383</u>	<u>13,589</u>	<u>7,794</u>	<u>57.36</u>
- Australia : Real Estate	636	742	(106)	(14.29)
	<u>22,019</u>	<u>14,331</u>	<u>7,688</u>	<u>53.65</u>
Profit before taxation				
- Malaysia : Plantation				
- Company	10,214	2,502	7,712	308.23
- Subsidiaries	3,274	1,141	2,133	186.94
	<u>13,488</u>	<u>3,643</u>	<u>9,845</u>	<u>270.24</u>
- Australia : Real Estate	207	297	(90)	(30.30)
	<u>13,695</u>	<u>3,940</u>	<u>9,755</u>	<u>247.59</u>

A10. Related party transactions

There were no significant related party transactions of the Company for the current quarter.

A11. Changes in composition

There were no changes in the composition of the Company for the current quarter.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the last annual balance sheet date and the latest practicable date.

A13. Capital commitments

There are no material capital commitments as at 30 June 2017.

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Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A14. Property, plant and equipment

(i) Acquisitions and Disposals

Details of acquisitions and disposals of the Group during the financial period are as follows:

Acquisition		Cost RM '000
Property, plant and equipment		<u>117</u>
Disposals	Book Value RM '000	Proceeds RM '000
Marketable securities	<u>778</u>	<u>2,278</u>

(ii) Impairment of property, plant and equipment

There was no material impairment nor reversal of such impairment during the current three month financial period.

(iii) Valuations

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements

A15. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements under review.

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Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Analysis of performance against preceding year corresponding period

		Group		Cumulative Quarter	
		30.06.17	30.06.16	Variance	
		RM '000	RM '000	RM '000	%
Revenue					
- Malaysia	: Plantation				
	- Company	14,931	8,864	6,067	68.45
	- Subsidiaries	6,452	4,725	1,727	36.55
		<u>21,383</u>	<u>13,589</u>	<u>7,794</u>	<u>57.36</u>
- Australia	: Real Estate	636	742	(106)	(14.29)
		<u>22,019</u>	<u>14,331</u>	<u>7,688</u>	<u>53.65</u>
Profit before taxation					
- Malaysia	: Plantation				
	- Company	10,214	2,502	7,712	308.23
	- Subsidiaries	3,274	1,141	2,133	186.94
		<u>13,488</u>	<u>3,643</u>	<u>9,845</u>	<u>270.24</u>
- Australia	: Real Estate	207	297	(90)	(30.30)
		<u>13,695</u>	<u>3,940</u>	<u>9,755</u>	<u>247.59</u>
Average FFB price per MT		RM 661.50	RM 573.64	RM 87.86	% 15.32
Plantation cost per MT		211.37	298.19	(86.82)	(29.12)
Production -		Metric Ton 32,325	Metric Ton 23,689	Metric Ton 8,636	% 36.46
Yield per hectare		13.42	10.29	3.13	30.42

The Group registered revenue of RM22.02 million in the current period, an increase of 53.65% as compared to the preceding year corresponding period.

The increase in revenue is due an increase in the average selling price of fruit bunches of palm oil ("FFB"), and an increase in the production of FFB compared to the preceding year corresponding period.

The Group also recorded a pre-tax profit in the current period of RM13.70 million against pre-tax profit of RM3.94 million compared to the preceding year corresponding period, an increase of 247.59%.

The higher pre-tax profit is due to primarily higher revenue and the gain from disposal of marketable securities as compared to the preceding year corresponding period.

The Australian subsidiary is an investment holding real estate company that develops and rents out its properties. All properties owned by this company are substantially tenanted as at 30 June 2017.

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Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B2. Variation of results against preceding quarter

	3 Months Ended		Variance	
	30.06.17 RM '000	31.03.17 RM '000	RM '000	%
Revenue				
- Malaysia : Plantation				
- Company	7,385	7,546	(161)	(2.13)
- Subsidiaries	2,810	3,642	(832)	(22.84)
	10,195	11,188	(993)	(8.88)
- Australia : Real Estate	250	386	(136)	(35.23)
	10,445	11,574	(1,129)	(9.75)
Profit before taxation				
- Malaysia : Plantation				
- Company	4,409	5,805	(1,396)	(24.05)
- Subsidiaries	1,194	2,080	(886)	(42.60)
	5,603	7,885	(2,282)	(28.94)
- Australia : Real Estate	49	158	(109)	(68.99)
	5,652	8,043	(2,391)	(29.73)
	RM	RM	RM	%
Average FFB price per MT	598.90	731.16	(132.26)	(18.09)
Plantation cost per MT	196.44	227.98	(31.54)	(13.83)
	Metric Ton	Metric Ton	Metric Ton	%
Production	17,024	15,301	1,723	11.26
Yield per hectare	7.07	6.35	0.72	11.34

Plantations

The current quarter's recorded pre-tax profit of RM5.60 million on revenue of RM10.20 million as compared to pre-tax profit of RM7.89 million on revenue of RM11.19 million posted in the immediate preceding quarter. The decrease in the current quarter's revenue by RM0.99 million or 8.88% as compared to the preceding quarter is primarily due to the decrease in the average selling price, this was off-set by an increase production of FFB.

Real Estate Investment

The Australian subsidiary is an investment holding real estate company that develops and rents out its properties. All properties owned by this company are substantially tenanted as at 30 June 2017.

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Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B3. Prospects

The directors expect reasonable performance from the Group for the coming year as indicated in the prospects of the business divisions below:

Plantation

The prospects are very much dependent on weather conditions, the global edible oil and its related markets, global economic conditions and how they impact production of FFB and CPO prices. Based on the current market trend and demand for CPO which augurs a favourable outlook for oil palm plantations, the Directors are optimistic that this division will be able to maintain its productivity and remain competitive.

Real Estate Investment

Barring any unforeseen circumstances, the Directors expect this division to be profitable and its performance for the coming year to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	6 months ended	
	30.06.17 RM'000	30.06.16 RM'000
Taxation		
- Income tax	2,888	1,074
- Deferred tax	-	-
	<u>2,888</u>	<u>1,074</u>

The effective tax rate of the Group is lower than the statutory rate of taxation primarily due to certain income not being taxable for taxation purposes.

B6. Status of corporate proposal announced

There is no corporate proposal as at the latest practicable date.

B7. Borrowing and debt securities

There are no borrowing and debt securities as at 30 June 2017

B8. Derivative financial instruments

There were no derivative financial instruments with off balance sheet risk as at the latest practicable date.

B9. Changes in material litigation

There was no pending material litigation as at the latest practicable date.

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**Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa
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B10. Dividends

No dividend was paid or declared in the current quarter.

B11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the financial period is based on the net profit attributable to equity holders of the Company of RM10.42 million and the weighted average number of ordinary shares in issue during the current quarter of 64,850,448 shares.

Diluted earnings per shares

Not applicable.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2016 was not qualified.

B13. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors as resolved at the Board of Directors Meeting held on 14 August 2017.

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Part C : Additional disclosure pursuant to Bursa Malaysia Securities Berhad's directive regarding Disclosure of Realised and Unrealised Profits/Losses

C1. Realised and Unrealised Profits/(Losses)

	30.06.2017	31.12.2016
	RM' 000	RM' 000
Retained Earnings of the Company		
Realised	43,247	35,080
Unrealised	(1,160)	(1,160)
	<u>42,087</u>	<u>33,920</u>
Retained Earnings of the Subsidiaries		
Realised	24,922	22,282
Unrealised	5,161	5,546
	<u>30,083</u>	<u>27,828</u>
Retained Earnings of the Group	<u>72,170</u>	<u>61,748</u>